

TENNESSEE REGULATORY AUTHORITY

Sara Kyle, Chairman
Lynn Greer, Director
Melvin Malone, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

November 7, 2000

Mr. W.F. L'Ecuyer, President
c/o Tennessee-American Water Company
1101 Broad Street
Chattanooga, Tennessee 37401

Re: Docket 00-00912, Tennessee American Water Company Petition for an Economic Development Rider and Rates

Dear Mr. L'Ecuyer:

To properly evaluate this petition, the Staff requests the following information. Quick response will enable the TRA to take rapid action on your request. This will be Data Response 1.

1. What will be the minimum number of gallons required from a prospective customer to be considered? You state the average consumption throughout the term of the new rate must be .5% of total Company consumption. Is this after the 55% of projected volumes are met? Does Tennessee-American Water Company have any prospective customers asking for these rates now? If so, what are their consumption rates and the number of jobs they are contributing to the community.
2. Please provide the population of Tennessee-American Water Company's service area and, thus, the minimum number of new jobs that must be created? Over what time period must the number of new jobs be in place?
3. You have a subsection (Original page 56) of your rider that says Incentive Provisions. Do these refer only to the discount offered, or are there other incentives for the customer and/or the company that are not listed here?
4. If you were to have several customers sign up under this provision, how would that effect your rate of return? Since your rates are designed around a certain rate of return, would deep discounts on large volume users materially affect your rate of return so that a rate case would be required? And if this is not true, please explain.
5. What will happen if a customer qualifies and meets the goals for two years and then leaves the system? Will the customer then be billed for the two discounts previously given?

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If you have any questions, please do not hesitate to call?

Sincerely,

A handwritten signature in black ink, appearing to read "DWaddell". The signature is stylized with a large, looped "D" and a trailing flourish.

David Waddell
Executive Secretary

c. T. G. Pappas, Attorney for Tennessee-American Water Company

DMc00-27